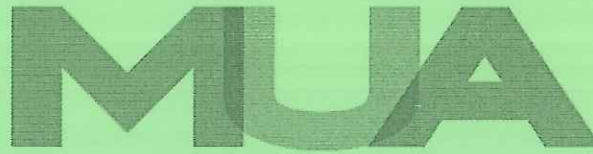


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

**DEGREE OF BACHELOR OF MANAGEMENT AND
LEADERSHIP/BACHELOR OF COMMERCE**

BML106/BCM 125: FUNDAMENTALS /PRINCIPLES OF MARKETING

DATE: 13TH AUGUST 2018

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

THE RISE AND FALL OF T.J COMPANY

T.J Company is a e-commerce marketplace that connected merchants to consumers by offering goods and services at a discounted price, reported a net loss of Ksh 49.1 million in the first quarter of 2016 compared to a loss of Ksh14.3 million in the corresponding period of the previous year . The company had reportedly been struggling since the beginning of 2016 as it announced layoffs, streamlined its international operations, and spent heavily on attracting new customers. Talking about the challenges facing the company, the newly appointed CEO, Terrence said, "It's a big task but it's an exciting one. We're the clear leader in our space. It's been a bumpy road, but smooth roads are pretty rare for pioneers and we're clearly in that space.

T.J Company was co-founded by Andrew and Eric in 2008. Andrew, a graduate in public policy at the University of Nairobi, was involved in building databases on a contract basis at a company founded and funded by Eric an entrepreneur. In January 2007, with Eric's backing, Andrew started a marketing platform targeting the small businesses in Kenya. In order to get customers to advertise in the platform Andrew recruited many salespeople to move from company to another to sell the idea. The companies were expected to subscribe for a monthly fee and run their ads on the platform daily. On the other hand T.J attracted visits to the platform through both T.V ads and e-marketing. They also organized community support activities where they would register many young people into the platform. This strategy worked well for them as word of mouth spread among the youth every time they had such a CSR activity. T.J sent vouchers via e-mail to its subscriber base, offering discounts at local merchants. By the end of 2009, T.J had spread to 28 Counties and had a presence in regional markets including Tanzania and Rwanda.

Competition in the sector started to gain ground as new entrants such as OLX came with a more customer focused products including frequent customer feedback and home deliveries on any item purchase. T.J's sales started dwindling despite the increased efforts its sales people were making. By the third quarter ended September

2016 T.J's revenue was Ksh 720.5 million against Ksh713.6 million in the third quarter of 2015. The company posted a net loss of Ksh35.8 million in the quarter.

Required:

- a) Discuss the marketing concepts employed by T.J Company and its main competitor OLX, explaining the differences between the two concepts that has made the competitor win in the market. (10 Marks)
- b) Discuss how T.J has been able to integrate the tools of Marketing promotion mix to grow its business. (5Marks)
- c) If you were to recommend for T.J to undertake a marketing research to support its decision to follow a more customer oriented approach, Identify both the management and the research problem and then explain to them the process of conducting a marketing research. (10 Marks)

QUESTION TWO

- a) Micro-environmental forces affect the company's ability to serve its customers. Discuss (6 Marks)
- b) Market segmentation is a waste of time and resources. Discuss the characteristics of an attractive niche (9 marks)

QUESTION THREE

- a) Consumers are known to go through a decision processes during the act of buying and using products known as the buyer decision process. Explain the role of marketers in every stage of this process (10 Marks)
- b) Explain the role of Marketing at every stage in the product lifecycle (5 Marks)

QUESTION FOUR

- a) There are 5 levels a company can differentiate its products to gain competitive advantage. Explain (10Marks)

- b) You have been asked to design your company's distribution channel strategy. Explain the factors to consider when choosing the channels of distribution

(5 Marks)

QUESTION FIVE

- a) You have planned an advertising campaign for a new product over the next 12 months. Explain what might be considered as unfair advertising which you must avoid.

(7 Marks)

- b) Explain the two types of costs involved when estimating the cost of a product before pricing and then discuss the six step procedure for setting the price of a product

(8 Marks)

QUESTION SIX

- a) Explain the various distinctions between services and goods and then highlight the components of the service mix

(11 Marks)

- b) When analyzing the competition there are certain basic things that should be considered. Discuss

(4Marks)